



**ARAC COMMITTEE
CONFIRMED MINUTES (03.07.2024)**

Date:	20 March 2024	Clerk to the Corporation Granville Road Sheffield, S2 2RL Tel: 0114 260 2620 Email: anne-marie.holdsworth@sheffcol.ac.uk
Venue:	Boardroom, City Campus	
Present:	Ian Falconer Matthew Ainsworth Paul Senior Sol Miah (via video conference)	
In attendance:	Martin Harrison, Executive Director Finance (EDF) Andrew Hartley, Executive Director Commercial and Operations (EDCO) Mark Pearson, Executive Director of Strategy and Systems Improvement (EDSSI) joined at 9.15am for Items 7d and 9a only Lisa Smith, Risk Assurance Director, RSM UK Risk Assurance Services LLP Stuart McKay, Partner, MHA LLP Anne-Marie Holdsworth, Director of Governance (Director of Governance and Clerk) Emma Lake, Executive Administrator	

		Action	by whom	by when
24/1/1	Welcome, introduction and apologies			
1.1	Apologies were received from Saleem Rashid due to illness.			
1.2	<p>The meeting was quorate and started promptly.</p> <p>Members confirmed they had received the two additional internal audit reports added to the meeting pack on Friday 15 March.</p> <p>The Chair advised that whilst there were no confidential items on the agenda, both the internal and external auditors would be asked to leave for Item 10 - the performance of the external auditors and appointment of external auditors for 2024-2025.</p> <p>The Chair further advised that the order of business would be as per the agenda, save for item 7d and 9a, these items being taken together at 9.15am to allow the EDSSI to manage other work commitments that morning. The primary focus of business would be in relation to Item 7 (Internal Auditors reports) and Item 8 (Control environment for an outstanding college).</p>			

	Additionally, the Chair informed the committee that he had one confidential item he would like to raise at the end of the meeting.		
24/1/2	Declarations of interest		
2.1	The standing declarations of interest were noted and there were no new declarations of interest.		
24/1/3	Minutes of the last meeting		
3.1	Members confirmed the minutes of the last meeting on 22 November 2023 as a true and accurate record, subject to the amendment of Saleem Rashid giving his apologies.		
	<p><u>ACTION:</u></p> <ul style="list-style-type: none"> Update minutes of ARA (Audit & Risk Assurance) committee meeting of 22 November 2023 to show that Saleem Rashid provided his apologies. 		
24/1/4	Matters Arising and Action Record		
4.1	The committee agreed that all relevant matters arising had been added to the Action Record and considered the matters arising that were not covered elsewhere on the agenda.		
4.2	Action 23/1/9.3ii - Conflicts of interest training , the Director of Governance asked for clarification regarding the requirement for training for members in relation to conflicts of interest and the particular need. Members said they felt that they had received adequate training on conflicts of interest through the DfE (Department of Education) bitesize guides issued at the time of reclassification of colleges and the training then provided by the EDF. Stuart McKay told members that the new College Financial Handbook was to be published by the DfE that week and, whilst this would provide a checklist to work through, there were no new requirements. The EDF said that there had been an increased focus on conflicts of interest within the charity sector and it was necessary to ensure strong data/evidence was in place to support the consideration and management of any conflicts of interest. The committee said that they would work through the checklist within the handbook once published and recommended that the current action be closed. The Chair asked that two new actions be added to the tracker i) to provide an overview of the new college financial handbook and ii) to provide a briefing note of what is required of governors; these two matters to be brought to the next meeting in June 2024.		
4.3	Action 23/2/1.3 – ARAC Vacancy , members noted the update from the Director of Governance and that it had not been possible to co-opt a member from the student body at the college. Additionally, the Director of Governance updated the committee on progress to appoint two more governors to the TSC (The Sheffield College) GB (Governing		

	<p>Body) more generally. The Chair asked members whether they thought membership of the committee was light and if they should consider co-opting an external member. One member asked that it be acknowledged that recruitment is a national issue and not just specific to The Sheffield College or to the Audit and Risk Assurance Committee. The internal auditor commented that they had seen an increasing number of clients move to appointing co-opted members. Members agreed that they needed to return to their previous practice of appointing a co-opted member to ARA irrespective of the wider recruitment of governors to the GB.</p>		
4.4	<p>Action 23/2/8.3 – Cyber Essentials Plus, the EDF informed members that he would bring the independent review report from the Cyber Essentials Plus process to the next meeting of ARA in June, along with a summary to assist governors. He provided assurance to the committee that some actions were being followed up such as multifactor authentication. The Chair said that he had seen that cyber security had become increasingly important in his capacity as a member of other committees and that he had heard that some benchmarking was available; he requested that the committee considered what the minimum investment in cyber assurance was for an organisation like The Sheffield College at an appropriate point. The EDF said that a restructure was underway relating to staffing for this area but that the college was in a good position with regard to cyber security, which was strengthened still further by the insurance the college had. The insurance cover provided an app which gave notifications and was a proactive element of the insurance cover.</p>		
4.5	<p>Action 23/3/11.3 – Special payments oversight, the EDF informed members that this action was in progress and required a change to the Scheme of Delegation to remove the oversight for special payments from the Chair of the GB to the Chair of ARA. Additionally, the change needed to be reflected in the financial regulations, and this was also being actioned.</p>		
4.6	<p>The committee welcomed the update, noted the assurance that the college is addressing actions raised by the committee and <u>approved</u> removal of one in progress and all other completed actions from the Action Record.</p> <p>There were no further actions the committee wished to be added to the tracker, other than the two actions to replace the in-progress action which it had been agreed to close.</p>		
	<p>ACTION:</p> <ul style="list-style-type: none"> • Close action 23/1/9.3ii and open two new actions i) to provide an overview of the new college financial handbook and ii) to provide a briefing note of what is required of governors; these two matters to be brought to the next meeting in June 2024. 		

24/1/5	Strategic Risk Register update & Risk Assurance Summary		
5.1	<p>The EDF presented the strategic risk register update and new format risk assurance summary, commenting that the risk assurance map was similar to how it had been but that the more significant risks had had changes to scoring and these were highlighted. The risk assurance map was to be used by governors as a high-level tool in relation to key risks. There were no new strategic risks and 4 changes to residual scores – 2 increasing and 2 decreasing.</p>		
5.2	<p>Members welcomed the assurance provided and said that their main concern was in relation to risk 1 where the residual score had increased.</p> <p>The committee asked for clarification regarding work being undertaken to address the quality of teaching in curriculum areas. The DCE (Deputy Chief Executive) said that he had spoken to the DP and assured members that quality was improving so the likelihood of negative outcomes had not increased but rather that the impact of a negative score in this area would be greater due to the progress made.</p>		
5.3	<p>The committee were content with the work being undertaken by the college to monitor and address risk management and continued to be assured that risk scoring was working.</p> <p>However, they commented that they had struggled with the presentation of information and that the digital aspect of this was making information too small to read on TeamEngine. The EDF said that work was underway to create a dashboard which would improve the visible quality of information and would make data more accessible for governors in the future.</p> <p>Members said that they would like a discussion at the next meeting as to how they could better use the information in relation to risk management to bring a sharper focus from them on this area.</p>		
5.4	<p>The committee <u>noted</u> the latest changes to the strategic risk register and risk assurance map and confirmed that no changes were required regarding the framework itself, only the presentation as commented previously.</p> <p>The committee <u>confirmed</u> that they were content with the business assurance summary.</p>		
	<p><u>ACTION:</u></p> <ul style="list-style-type: none"> • The EDF to refresh the look of reporting. • The usability of risk management information to be discussed at the next ARA meeting in June 2024 to clarify what is required of governors. 		
24/1/6	Internal Audit & External Audit update: Progress Report on Completion of Recommendations and Management Actions		

6.1	<p>The EDF presented the update, commenting that there were still some areas being progressed and which were not quite complete. He said that the reason for this lay with the level of detail required to fully satisfy and close off actions, along with the thoroughness of approach adopted by staff in responding to the actions identified. In line with this, an extension was sought to complete 3 external audit actions, and it was asked that these be rescheduled.</p> <p>The EDF added that one particularly problematic area related to historical data regarding VAT, but provided assurance that colleagues were working to resolve this.</p>		
6.2	The committee <u>noted</u> the report and welcomed in particular the progress being made regarding the internal audit actions. The committee was satisfied with the assurance provided and that the controls improvement process was working.		
6.3	Members <u>approved</u> the removal of completed actions and the revised date for completion of three actions, as requested.		
	<p><u>ACTION:</u></p> <ul style="list-style-type: none"> • 3 audit action completion dates to be rescheduled by the EDF and agreed with auditors. 		
24/1/7	Internal Audit Reports		
7.1	The EDSSI joined the meeting at 9.15am to present items 7d and 9a.		
7.2	The Risk Assurance Director (internal auditor) presented the progress report. It was reported that two reviews were ongoing, and the remaining items had all been planned in for the year. There was only one possible change to the planned programme and this related to the work regarding international student visas which the auditors did not think would add value to the college. It was proposed to replace this area with something which would provide greater benefit and talks to confirm this would continue with the ELT. The internal auditor reported that there was nothing significant to note at this stage and that the internal audit plan was on track to be completed by 31 July 2024.		
7.3	The committee welcomed the report and <u>noted</u> the substantial assurance given, commenting that the college aspired to gain an overall green assurance rating for 2023-2024. The auditor said that, at this stage, the college were on track to acquire a green rating because of the work currently being undertaken and due to what had been evidenced so far this year, although there was obviously still work left to complete before this could be affirmed.		
7.4	The Risk Assurance Manager presented the FE (Further Education) Benchmarking Report, explaining that it was something carried out annually for all education clients. The report considered actions		

	agreed and assurance levels. It was reported that, looking at the actions agreed and assurance levels for TSC, the number of substantial assurances had increased and was higher than across RSMs client base. Additionally, there were less actions than across other colleges, discounting the multiple recommendations in the carbon report, which had been a specific piece of improvement work commissioned for the college. The report showed that the control framework in the college was improving year on year.		
7.5	The committee considered the report and in particular the summary of findings across the FE sector. The Risk Assurance Director said that the report highlighted 20 common actions across 6 themes found in the sector. Members asked the EDF to bring forward to its next meeting a brief summary of TSCs standing against the 20 actions as they felt this may help to demonstrate the college is 'great' as it was understood that TSC was at the top of many of the issues.		
7.6	The committee welcomed the report and <u>noted</u> the assurance given.		
7.7	The Risk Assurance Director presented the Governance Review. She said that the college undertook an annual self-assessment and that this included not only the 'musts' from the AoC (Association of Colleges) Code of Good Governance for English Colleges, but also the 'shoulds,' with reporting to both SRG and the GB. The internal auditor did not feel that any management actions needed to be agreed and commented that a particularly good process was in place.		
7.8	The committee Asked to Be reminded why this audit had been included in the internal audit plan for 2023-2024. The internal auditor explained that a governance audit had not been conducted for some time and it was good practice to include it periodically. The EDF added that it had been decided to include a governance audit in order to get assurance of the position on governance before the outgoing clerk left and the new Director of Governance joined.		
7.9	The committee received the report and <u>noted</u> the significant assurance, requesting that the report be referred to the SRG committee.		
7.10	The EDSSI presented the context for the HE (Higher Education) Framework Review. The main points presented were as follows: <ul style="list-style-type: none"> • Work done with regard to HE is important for the college, despite what had been falling or low student numbers. TSC serves some of lowest and most disadvantaged wards in the city and strategically and morally the college felt that it was important to provide the HE offer. New leadership, who are keen and strong, had been developing provision significantly in the last period. • The college had invested time in looking into what distinguishes its HE offer and had worked with SHU as a partner to collaborate on their HE offer, also now negotiating 		

	<p>on fees with them. From September through to December, a curriculum plan had been developed, involving SHU, identifying gaps in L3 qualifications to improve these areas, and concentrating a focus on L2 and L3 qualifications which would complement the higher-level courses run by SHU. As such a different curriculum plan had been developed for the next three years, one which distinguished the college's HE offer and gave an identity for staff delivering it.</p> <ul style="list-style-type: none"> • Whilst if student numbers had been solely considered and a financial snapshot of HE, the provision would probably have closed, this was not in line with the strategic goals of college which had determined to grow student numbers and improve the offer. The growth plan developed was a gradual one, working through cost implications, and the college had embarked on some promotional work with open events as a start. The college had also been successful in terms of a bid, working with Hull University, to extend the offer and had been given permission to join the Institute of Technology, all of which would support the growth plan. Additionally, the college were joining the Childrens University and were strengthening the already strong relationships they had with hospitals and the hospital trust. The EDSSI said that the audit was designed to review how to strengthen and develop the USP of the HE offer at TSC. 		
7.11	<p>The internal auditor clarified that:</p> <ul style="list-style-type: none"> • The review had been engaged to do two things 1. Review how the college might be assessed if HE was financially viable and 2. Look at how the HE offer fitted in with the overall college strategy. • Consideration had been given to how the college was working with schools and how they were using data. Courses were examined to judge how attractive they were and whether they could be merged to continue if not as popular. The internal auditor said that the curriculum planning process included high level data analysis and was highly effective. • The audit had shown that a positive brand culture had been developed through UC Sheffield to develop consistency across the HE offer and help with the recruitment strategy. • Only one action point had been identified and this was to strengthen the consistency of the message regarding the HE offer. 		
7.12	<p>The Chair thanked the EDSSI for the context provided, pointing out that this was additionally helpful as he and some committee members did not have access to TLQSE papers to gain some context. He also thanked the internal auditor for the information provided.</p> <p>Members considered the audit report and asked about the assurance process in respect of the HE offer going forward.</p>		

	The EDSSI explained that assurance would be given by reviewing student numbers and staffing, assurance being considered at the TLQSE Committee on a regular basis. The college worked with schools to jointly review their risk registers and was supporting new entrant teaching staff with bespoke CPD. Further assurance was provided through the college business planning process.		
7.13	The committee received the report and <u>noted</u> the assurance given, requesting that the report be referred to the TLQSE committee.		
	<p><u>ACTION</u></p> <ul style="list-style-type: none"> • The Director of Governance to consider access for all governors to all committee papers regardless of their committee membership. • The final audits for Governance and the HE Framework to be shared with SRG and TLQSE committees respectively. 		
24/1/8	Other External Assurance		
8.1	The EDSSI presented the report for Item 9a on the ESFA Funding Assurance Review. He commented that the fieldwork had initially been challenging because of the limited level of engagement by the auditors but that this had been worked through and the overall findings had been very positive.		
8.2	The committee considered the report and were extremely pleased with the findings, commenting that the overall tolerance levels were extremely favourable and the total funds at risk very low; £25K claw back was a very small sum of money and felt like an excellent outcome.		
8.3	The committee welcomed the report and <u>noted</u> the substantial level of assurance given.		
8.4	The EDSSI left the meeting.		
8.5	The DCE presented the verbal update on the Sheffield College Cladding Report. He said that the cladding report had been received from the surveyors and then passed to the insurers, who were happy with the position and, accordingly, FEGP had been advised of such. The cladding report would feed into the annual FRA (Fire Risk Assessment) going forward and would be reported to FEGP in this way, so providing assurance.		
8.6	The committee received the report and <u>noted</u> the assurance. Members were pleased that this matter had finally been resolved and could be closed following 3 years of scrutiny. They further commented that they welcomed the assurance processes in place.		
24/1/9	Control Environment for an Outstanding College		
9.1	The EDF presented the progress report on the tuition fee invoicing/credit control project, commenting that there had been a number of positives ensuing from it, for example, that write off had		

	improved by £200k and student retention had improved through early intervention from a finance perspective; as students were asked to think about how they would support themselves financially at an early stage this had meant that not as many had dropped out of courses.		
9.2	The committee considered the report and <u>noted</u> the assurance given, commending the savings and positive impact on students.		
9.3	The External auditor and Internal auditor both left the meeting at 9.55am, prior to discussion by members on the performance of the external auditors.		
24/1/10	Performance of External Auditors for financial statements audit 2022-2023 and recommendation for re-appointment		
10.1	The EDF presented the report which provided an update on the performance of the current external auditors, MHA LLP, who had been appointed for a second year to undertake the 2022-23 financial statements audit. The EDF had assessed the performance of MHA against the original service offer set out in the company's tender for appointment in March 2022 based on the performance of the 2022-2023 financial statements audit. The findings of the assessment were that the tender proposals had been fully met. The EDF said that MHA had an effective way of working and that he was pleased with the relationship they had developed with the college. The EDF recommended re-appointment of MHA LLP as external auditors next year.		
10.2	<p>The committee considered the report and commented that an AoC Finance Chairs group had recently voiced concern about auditors and the potential for the market to collapse as they struggled to recruit. However, there had been some new entrants to the market, who were demonstrating an attentive approach whilst lacking in experience. MHA were held in high regard amongst all and feedback on them was good.</p> <p>Members asked about the management of external audit and whether a move to conduct more business online had had a positive or negative effect, post Covid. The EDF said that logistically the experience was much better online.</p>		
10.3	The committee agreed that they were pleased to <u>recommend the re-appointment</u> of MHA LLP to the GB.		
10.4	<p>Whilst not included on the agenda specifically, the Chair asked for views on the performance of the internal auditors too. He said that governors had previously been very satisfied with them but wanted to check that they hadn't become complacent as their contract had been extended; it was important for the college to be supported to drive forward on its journey from good to great and whilst ever it was pleasing that the two internal reports presented at the meeting were extremely positive, the college needed to look beyond being compliant and how were RSM supporting in doing this.</p> <p>The DCE said that RSM supported with advisory pieces of work for the college and this, along with careful scoping for audits would ensure a</p>		

	<p>balanced approach and that the college were getting the best from the service.</p> <p>Members were satisfied with the work of RSM and this approach but encouraged the Executive to seek advice on outstanding practice from its advisors at every opportunity.</p>		
24/1/11	Review of meeting & closing remarks		
11.1	The EDF made members aware of the Article 127 audit which was ongoing. He said this was a direct DfE audit. Further information could be provided at a later date.		
11.2	<p>Members commented that the meeting had been very productive and whilst the agenda had been light, they felt that with more space within the meeting it had allowed for greater discussion, which was beneficial.</p> <p>The EDF and DG (Director of Governance) were thanked for the quality and timeliness of the papers for the meeting.</p> <p>The meeting closed at 10.15am.</p>		
24/1/12	Date & time of next meeting		
12.1	Wednesday 3 July 2024 08.30 – 10.30		